WRITTEN ANSWERS TO UNSTARRED QUESTIONS

Tax Exemption on Leasing of Aircrafts

99. SHRI K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have made any assesment of the impact of the tax exemption on the companies leasing new aircrafts;

(b) the loss that has to be borne by IA and AI on leasing out its aircrafts to others; and

(c) the total implication of this move in the next five years on IA and AI?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) As per the Union Budget 2005-06 the exemption of tax on aircraft lease rental presently available under Sectiion 10(15A) of the Income Tax Act has been withdrawn for lease agreements to be entered into on or from 1st October 2005 with foreign lessors. The withdrawal of exemption would increase the cost of aircraft leasing significantly by 41.82% over and obove the normal ease rentals payable by the lessee airlines under fresh lease agreements to be entered into on or after 1st October 2005 as per the present corporate tax structure applicable to foreign companies.

(b) and (c) There are no plans of Air India and Indian Airlines to lease aircrafts to others.

Development of Civil Aviation in Jammu and Kashmir and Orissa

100. SHRI B.J. PANDA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Rs. 14.05 crore is proposed to be spent in the civil aviation sector in Jammu and Kashmir region to promote tourism etc;

(b) if so, the details thereof;

(c) whether such a proposal is also under consideration for the cash-strapped Orissa State, which has a good potential for tourism; and

(d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) and (b) Airports Authority of India (AAI) has taken up infrastructure development works relating to terminal building, apron, taxiway, runway etc. at Srinagar, Leh and Jammu civil enclaves in Jammu and Kashmir State at a cost of Rs. 97.60 crores.

(c) and (d) AAI has already taken up work for extension of runway upto 9,000 feet at Bhubaneshwar airport for operation of wide-bodied aircraft at a cost of Rs. 15 crores. Besides, there are proposals for expansion of apron and for construction of new international terminal building complex.

Expansion of Air Services

101. PROF. M.M. AGARWAL: Will the Minister of CIVIAL AVIATION be pleased to state:

(a) the number of cities in the country which are not connected by air services/helicopter services;

(b) whether there is any proposal to start new air services to the cities where no air services are available;

(c) if so, the details thereof and by when such new air services would start; and

(d) if not, the specific reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) to (d) The Government has laid down Route Dispersal Guidelines with a view to achieve better regulation of air transport services taking into account the need for air transport services of different regions of the country including North Eastern region.

It is however, up to the airlines to provide air services to specific places depending upon the traffic demand and commercial viability. As such, the airlines are free to operate anywhere in the country subject to compliance of Route Dispersal Guidelines issued by the Government.

The scheduled airlines at present operate to 72 destinations in the country.